



MEMORANDUM

9 JULY 2004

TO: BOARD OF DIRECTORS

FROM: DAVID MERRITT AND RAY TENNEY

RE: OLD DILLON RESERVOIR

Old Dillon Reservoir is a 46 acre foot reservoir located above Dillon Reservoir, near I-70 at Silverthorne. Summit County, Dillon and Silverthorne are interested in improving their water supplies by better utilizing water rights and interests they have in Old Dillon Reservoir. One way to do this is to enlarge the existing reservoir. Alternatives may exist which do not require the enlargement of Old Dillon Reservoir. To the extent practical, these alternatives will be considered.

The existing 46.14 acre-foot reservoir and 10 cfs ditch from Salt Lick Gulch (a tributary of the Blue River located downstream of Dillon Reservoir) was constructed in 1939 and served the Town of Dillon until 1963 when the town was relocated to make way for Denver Water's Dillon Reservoir. Since 1963 diversions have been made for recreation, to maintain the lake aquatic life and to augment the Town of Dillon's diversions from Straight Creek.

Old Dillon Reservoir is located on lands presently managed by the U.S. Forest Service. The existing reservoir operates and is maintained under a special use permit issued to the Town of Dillon by the USFS. Dillon is pursuing a right-of-way from the U.S. Bureau of Land Management (the previous Federal landlord) based on the existence of Old Dillon Reservoir prior to the USFS jurisdiction.

In 1996 Summit County obtained an 80 percent interest in the existing Old Dillon Reservoir from the Town of Dillon. Summit County and Dillon received a decree (93CW288) for an enlargement of 150 acre-feet (same proration). Through this and other proceedings Silverthorne obtained the right to store 11.87 acre-feet of Valaer Ditch water in Old Dillon Reservoir.

Summit County does not have the staff expertise to advance the enlargement of Old Dillon Reservoir and desires to retain, through inter governmental agreement, the River District as “project manager.” The River District will serve as Summit County’s agent in developing the enlargement of Old Dillon Reservoir or alternatives which will enhance the water supply for Summit County, Dillon and Silverthorne. Summit County will generally direct the efforts of the River District. Summit County agrees to provide project financing, paying for all outsourced consulting and construction services engaged by the River District in pursuit of the project objectives. Summit County will make arrangements for cost share and coordination with Dillon and Silverthorne under separate agreement.

The River District will identify objectives with the assistance and participation of Summit County(and others); lead in formulation of alternatives; generate and execute scopes of work necessary to inform decisions and support project development; implement the selected alternative; contract for and manage all necessary outside consulting and construction services.

For this service Summit County agrees to pay the River District a "fee" of 10% of all billings for outsourced work related to project development and implementation, including construction. Payments to the River District will be due within 30 days of when they are presented.

Summit County and Dillon will obtain the right-of-way necessary for implementation of any alternatives considered under this project. The River District may, if requested, provide support to Summit County and Dillon for this activity.

Staff are finalizing an Intergovernmental Agreement (IGA) with Summit County that will identify the District as be the Project Manager for this project, with Summit County as the funding entity. This is consistent with District goals on developing water supplies for use in Western Colorado, and with our UPCO cooperative activities. It is desirous to get the initial work underway this field season.

BOARD ACTION REQUESTED: Approve the IGA in concept, and direct the President to execute the IGA when it has been completed.

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